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# CCJ

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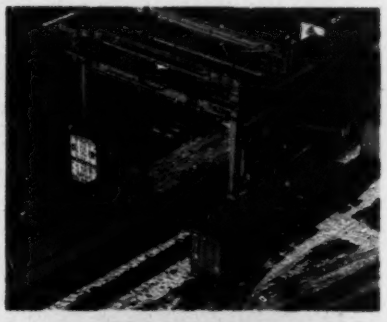

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As the nation's energy situation worsens, interest increases on the side of fuel conservation. Expanded piggyback service for shippers nationwide is viewed by some officials in Washington as one answer to the impending crisis. CCJ looks at the unfolding conspiracy to force truckers off the highway and shippers back to the railroads.

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As motor carriers face the complex problems of fuel waxing, they find themselves suddenly confronted with yet another condition that may set the industry back 10 or more years. And that is the re-introduction of high-sulfur diesel fuel which is likely to result in substantial reductions in engine oil drain intervals and the possibility of reduced engine life.

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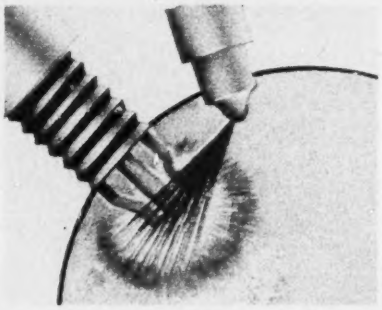
In the early '70s, automatic slack adjusters suffered from poor performance and near fatal industry rejection. Today, slack adjusters are bouncing back. Sales by manufacturers are up, OEM orders are on the increase and even the government is looking at the mandatory use of automatic brake adjusters.



**103 MORE MILES PER BARREL OF CRUDE**

UPS and Texaco team up to develop an alternative to gasoline power. If successful, their new engine should be able to run on nearly anything from whale oil to turpentine. And that's a significant development for a fleet of more than 35,000 package delivery trucks.

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# facts and figures

By **PAUL REDDY**
Statistical Editor

## 1979 TRUCK FACTORY SALES BY GVW

| GVW Groupings | | Chevrolet | GMC | Chrysler | Ford | Freightliner | IHC | Jeep Corp | AM General | Kenworth | Mack | Peterbilt | White† | Others | Total Trucks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Under 6,000 lbs. | Oct.-79 | 46,223 | 8,190 | 3,115 | 14,203 | — | — | 2,91[illegible] | 922 | — | — | — | — | — | 75,570 |
| | 10 Mos.-79 | 456,922 | 106,347 | 57,837 | 197,341 | — | — | 23,67[illegible] | 8,792 | — | — | — | — | — | 850,910 |
| 6,001-10,000 lbs. | Oct.-79 | 28,708 | 7,808 | 13,163 | 56,584 | — | 2,358 | 3,399 | — | — | — | — | — | 1 | 112,021 |
| | 10 Mos.-79 | 358,930 | 103,127 | 124,074 | 577,733 | — | 22,081 | 61,329 | 386 | — | — | — | — | 3 | 1,247,663 |
| 10,001-14,000 lbs. | Oct.-79 | — | — | 1,613 | 114 | — | — | — | — | — | — | — | — | — | 1,727 |
| | 10 Mos.-79 | — | 20 | 15,922 | 416 | — | — | — | — | — | — | — | — | — | 16,358 |
| 14,001-16,000 lbs. | Oct.-79 | — | — | 53 | — | — | — | — | — | — | — | — | — | 2 | 55 |
| | 10 Mos.-79 | — | — | 2,352 | — | — | — | — | — | — | — | — | — | 3 | 2,355 |
| 16,001-19,500 lbs. | Oct.-79 | 226 | 58 | — | — | — | — | — | — | — | — | — | — | — | 284 |
| | 10 Mos.-79 | 1,877 | 961 | — | — | — | 8 | — | — | — | — | — | — | 9 | 2,855 |
| 19,501-26,000 lbs. | Oct.-79 | 3,094 | 1,332 | — | 3,529 | — | 1,894 | — | — | — | — | — | — | 9 | 9,858 |
| | 10 Mos.-79 | 30,224 | 20,901 | — | 38,354 | — | 9,816 | — | — | — | — | — | — | 9 | 99,304 |
| 26,001-33,000 lbs. | Oct.-79 | 78 | 167 | — | 1,149 | — | 3,274 | — | — | — | — | — | — | — | 4,668 |
| | 10 Mos.-79 | 1,125 | 1,689 | — | 12,675 | — | 21,816 | — | — | — | — | — | — | 3 | 37,308 |
| 33,001 lbs. and over | Oct.-79 | 402 | 1,617 | — | 1,826 | 1,310 | 4,615 | — | — | 1,312 | 2,422 | 856 | 1,001 | 236 | 15,597 |
| | 10 Mos.-79 | 5,278 | 18,244 | — | 19,473 | 12,666 | 33,483 | — | — | 12,297 | 25,591 | 7,413 | 9,792 | 1,585 | 145,822 |
| Total | Oct.-79 | 78,731 | 19,172 | 17,944 | 77,405 | 1,310 | 12,141 | 6,316 | 922 | 1,312 | 2,422 | 856 | 1,001 | 248 | 219,780 |
| | 10 Mos.-79 | 854,356 | 251,289 | 200,185 | 845,992 | 12,666 | 87,204 | 85,000 | 9,178 | 12,297 | 25,591 | 7,413 | 9,792 | 1,612 | 2,402,575 |
| | 10 Mos.-78 | 973,321 | 271,344 | 337,012 | 955,109 | 9,437 | 81,032 | 123,661 | 8,759 | 11,581 | 23,921 | 7,493 | 11,157 | 1,640 | 2,815,467 |
| Trucks with Diesel Engines* | 10 Mos.-79 | 24,851 | 27,989 | — | 29,055 | 12,666 | 48,648 | — | — | 12,297 | 25,591 | 7,413 | 9,792 | 1,588 | 199,890 |
| | 10 Mos.-78 | 23,693 | 24,458 | 2,763 | 29,510 | 9,437 | 37,534 | — | — | 11,581 | 23,921 | 7,493 | 11,157 | 1,599 | 183,146 |

Source: Motor Vehicle Manufacturers Assoc.
*Included in totals, but excludes school bus chassis and other buses. †Includes Autocar and Western Star.
"Others" includes Crane Carrier, Divco, Duplex, Hendrickson, Oshkosh, Walter, Fixible and trucks shipped by Freightliner to Consolidated Freightway and their other dealers.

## TRUCKS WITH DIESEL ENGINES

### (Factory Sales from U.S. Plants by Make and GVW)

| Make of Truck | | 6,000 lbs and less | 6,001-10,000 lbs | 19,501-26,000 lbs | 26,001-33,000 lbs | 33,001 lbs and over | Total |
|---|---|---|---|---|---|---|---|
| | Oct.-79 | 179 | — | 427 | 78 | 286 | 970 |
| | 10 Mos.-79 | 18,862 | — | 2,299 | 1,119 | 2,571 | 24,851 |
| Chevrolet | Oct.-79 | — | — | 710 | 557 | 1,685 | 2,952 |
| | 10 Mos.-79 | — | — | 6,136 | 4,893 | 18,026 | 29,055 |
| Ford | Oct.-79 | — | — | — | — | 1,310 | 1,310 |
| | 10 Mos.-79 | — | — | — | — | 12,666 | 12,666 |
| Freightliner | Oct.-79 | 154 | — | 431 | 165 | 1,553 | 2,303 |
| | 10 Mos.-79 | 6,334 | — | 2,977 | 1,620 | 17,058 | 27,989 |
| GMC | Oct.-79 | — | 286 | 463 | 2,287 | 4,610 | 7,646 |
| | 10 Mos.-79 | — | 570 | 1,339 | 13,919 | 32,820 | 48,648 |
| IHC | Oct.-79 | — | — | — | — | 1,312 | 1,312 |
| | 10 Mos.-79 | — | — | — | — | 12,297 | 12,297 |
| Kenworth | Oct.-79 | — | — | — | — | 2,422 | 2,422 |
| | 10 Mos.-79 | — | — | — | — | 25,591 | 25,591 |
| Mack | Oct.-79 | — | — | — | — | 856 | 856 |
| | 10 Mos.-79 | — | — | — | — | 7,413 | 7,413 |
| Peterbilt | Oct.-79 | — | — | — | — | 1,001 | 1,001 |
| | 10 Mos.-79 | — | — | — | — | 9,792 | 9,792 |
| White | Oct.-79 | — | — | — | — | 236 | 236 |
| | 10 Mos.-79 | — | — | — | 3 | 1,585 | 1,588 |
| Others | Oct.-79 | 333 | 286 | 2,031 | 3,087 | 15,271 | 21,008 |
| | 10 Mos.-79 | 25,196 | 570 | 12,751 | 21,554 | 139,819 | 199,890 |
| Total | Oct.-78 | 3,289 | 78 | 1,215 | 2,247 | 15,100 | 21,929 |
| | 10 mos.-78 | 28,610 | 736 | 10,335 | 18,604 | 124,861 | 183,146 |

Source: Motor Vehicle Manufacturers Assoc. Reporting firms do not represent entire industry.

## 1979 TRUCK TRAILER SHIPMENTS

| Type of Trailer | September 1979 Units | 9 Months—1979 Units | 9 Months—1979 Value* |
|---|---|---|---|
| Vans | 11,444 | 106,786 | 1,206,201 |
| Tanks | 693 | 6,356 | 164,521 |
| Bulk commodity and dry material | 258 | 3,142 | 63,896 |
| Pole and logging | 153 | 1,166 | 11,513 |
| Platform | 2,858 | 27,015 | 208,716 |
| Low-bed heavy haulers (over 10 tons) | 530 | 4,931 | 73,593 |
| Dump trailers and dump chassis | 830 | 8,647 | 125,422 |
| Dollies or converter gear | 802 | 5,373 | 19,267 |
| Auto transports | 88 | 943 | 21,382 |
| All other tractors and chassis | 442 | 3,188 | 26,717 |
| Total—Complete trailers and chassis | 18,098 | 167,547 | 1,921,228 |
| Detachable trailers† | 526 | 7,782 | 61,291 |
| Detachable trailers chassis† | 1,267 | 10,981 | 56,450 |

Source: Industry Division, Bureau of the Census.
†Sold separately.
*Add 000.

## TRUCK AND BUS PRODUCTION

| Make | November 1979 | November 1978 | Calendar Year 1979 | Calendar Year 1978 |
|---|---|---|---|---|
| Chevrolet | 71,433 | 104,117 | 966,479 | 1,131,462 |
| GMC | 22,933 | 31,131 | 320,784 | 350,213 |
| Chrysler | 15,750 | 53,617 | 283,236 | 447,568 |
| Ford | 57,464 | 115,123 | 978,782 | 1,137,811 |
| International | 809 | 11,832 | 115,266 | 111,918 |
| Jeep Corp. | 8,227 | 13,518 | 120,988 | 162,737 |
| AM General | 1,100 | 2,251 | 18,802 | 17,743 |
| Mack | 2,729 | 3,308 | 33,750 | 31,558 |
| Volkswagen of America | 245 | — | 245 | — |
| White | 730 | 1,351 | 10,588 | 13,017 |
| Others | 3,372 | 3,400 | 38,326 | 33,060 |
| Total—Trucks and Buses | 184,792 | 339,648 | 2,887,246 | 3,437,087 |
| Total—Passenger Cars | 634,276 | 856,291 | 7,974,926 | 8,545,318 |
| Total—Motor Vehicles | 819,068 | 1,195,939 | 10,862,172 | 11,982,405 |

Source: Motor Vehicle Mfrs. Assoc.

## DIESEL ENGINES USED IN TRUCKS

### (Factory Sales from U.S. Plants including exports to Canada and other exports)

| Make of Truck | | Cat. | Cummins | Detroit Diesel | IHC | Mack | All Others* | Total |
|---|---|---|---|---|---|---|---|---|
| Chevrolet | Oct.-79 | 136 | 135 | 730 | — | — | 183 | 1,134 |
| | 10 Mos.-79 | 1,572 | 855 | 5,429 | — | — | 19,291 | 27,147 |
| Chrysler | Oct.-79 | — | — | — | — | — | 48 | 48 |
| | 10 Mos.-79 | — | 636 | — | — | — | 48 | 684 |
| Ford | Oct.-79 | 1,964 | 958 | 588 | — | — | — | 3,510 |
| | 10 Mos.-79 | 18,344 | 9,975 | 7,357 | — | — | — | 35,676 |
| Freightliner | Oct.-79 | 205 | 796 | 309 | — | — | — | 1,310 |
| | 10 Mos.-79 | 1,312 | 8,191 | 3,163 | — | — | — | 12,666 |
| GMC | Oct.-79 | 406 | 426 | 1,698 | — | — | [illegible]54 | 2,684 |
| | 10 Mos.-79 | 2,339 | 5,204 | 17,169 | — | — | 6,444 | 31,156 |
| IHC | Oct.-79 | 492 | 3,679 | 1,344 | 2,733 | — | 292 | 8,540 |
| | 10 Mos.-79 | 2,466 | 28,139 | 9,202 | 16,555 | — | 818 | 55,180 |
| Kenworth | Oct.-79 | 338 | 752 | 346 | — | — | — | 1,436 |
| | 10 Mos.-79 | 2,773 | 6,850 | 3,509 | — | — | — | 13,132 |
| Mack | Oct.-79 | 34 | 161 | 44 | — | 2,575 | 72 | 2,886 |
| | 10 Mos.-79 | 282 | 2,334 | 469 | — | 26,698 | 446 | 30,229 |
| Peterbilt | Oct.-79 | 245 | 511 | 220 | — | — | — | 976 |
| | 10 Mos.-79 | 2,331 | 3,795 | 2,046 | — | — | — | 8,172 |
| White | Oct.-79 | 59 | 694 | 315 | — | — | — | 1,068 |
| | 10 Mos.-79 | 638 | 6,575 | 3,098 | — | — | — | 10,311 |
| Others | Oct.-79 | 119 | 58 | 116 | — | — | 3 | 296 |
| | 10 Mos.-79 | 423 | 530 | 815 | — | — | 3 | 1,771 |
| Totals | Oct.-79 | 3,998 | 8,170 | 5,710 | 2,733 | 2,575 | 752 | 23,938 |
| | 10 Mos.-79 | 32,480 | 71,084 | 52,257 | 16,555 | 26,698 | 27,050 | 226,124 |
| | Oct.-78 | 3,460 | 8,391 | 5,066 | 1,699 | 2,286 | 3,529 | 24,431 |
| | 10 Mos.-78 | 27,263 | 67,438 | 40,366 | 10,705 | 25,816 | 31,511 | 203,099 |

Source: Motor Vehicle Manufacturers Assoc. Reporting firms do not represent entire industry.
*"All Others" includes Nissan, Olds, Scandia, Perkins, Isuzu.

# HE PIGGYBACK
# ONSPIRACY

are being forged towards a national policy on piggyback.
e is to get the freight off the highways and back on rails.
e Commerce Commission, American Association of
d certain railroad sympathizers on Capitol Hill are all
o reach this objective at the expense of the regulated
ustry. Their key phrase is "think rail."

Photo courtesy of Santa Fe Railroad

By **LEO ABRUZZESE,**
*Washington Editor*

■ Threads of a budding conspiracy shrouding an old form of intermodal transit are slowly surfacing as Washington gears up for another year of industry and government conflict over economic regulation of trucking.

Piggyback transportation, the movement of highway trailers on railroad flatcars, suddenly, has become almost universally popular, supported by claims of alleged fuel conservation, a hungry railroad industry and increasing liberalism toward existing restrictions.

There is no doubt that piggyback transportation, which is heavily regulated by the Interstate Commerce Commission, serves a purpose. Traditionally, shippers requiring less than first class freight service could tolerate the inefficiencies of rail transportation. Piggyback was also a convenient outlet for a motor carrier's overflow during peak freight seasons. Statistically, its recent popularity has produced an increase to second from sixth place among traffic-generating sources for the railroads, topped only by coal hauling. And in 1978, piggyback revenues exceeded $1 billion for the first time, backed by three consecutive years of growth at an annual rate of 12%.

Continued

# Piggyback

**American Trucking Associations condemns piggyback deregulation as both "misguided and potentially destructive."**

Yet, moves to cast piggyback as a panacea for a host of transportation woes seem contrived but could still have consequences for the trucking industry at least as severe as economic deregulation.

The current emphasis for piggyback deregulation may be labeled a conspiracy only if last year's push for general trucking reform is seen in that light. Strangely, the similarities are overwhelming.

For example, the ICC has already taken formal steps to remove existing piggyback restrictions. Members of the powerful Senate Commerce Committee, while officially offering no comment on the issue, have informally approved the piggyback trend through expository remarks at last year's regulatory reform hearings. The White House will almost surely offer its support, citing alleged fuel savings. The American Association of Railroads is ecstatic; many shippers seem pleased; and it is only a matter of time before other government agencies such as the Transportation and Energy Departments add their support. As expected, the American Trucking Associations condemns piggyback deregulation as both "misguided and potentially destructive." The International Brotherhood of Teamsters has also expressed serious reservations.

The battleline mirrors exactly the truck deregulation controversy, and the similarities do not stop there.

Not surprisingly, piggyback deregulation has the same jurisdictional problem as economic deregulation. The ICC stands behind a provision in the Railroad Regulatory Revitalization and Reform Act allowing the agency to exempt from regulation rail transit options having a "limited scope." The ICC says piggyback meets this requirement and so is subject to agency dictates. ATA

**RoadRailer: the dual highway/railroad trailer**

Coming along as a virtual "dream machine" for piggyback users is the RoadRailer, a hybrid trailer equally at home on the highway and the rails.

A product of Bi-Modal Corp., Greenwich, Conn., the concept of a dual-purpose trailer is not new, though the RoadRailer is the first serious attempt to turn the concept into reality. In 1956, the Chesapeake & Ohio experimented with two 27-ft trailers, though nothing ever came of them.

Basically, the RoadRailer is a specially-built 45-ft trailer with an air-bag suspension system and beefed up frame and floor. Overall height is 13½ ft and cubic capacity is 3024 ft. The RoadRailer is designed to handle payloads up to 43,000 lb.

The most interesting aspect of the RoadRailer though is its wheel system. For highway operations, the vehicle functions the same as any other tandem-axled highway trailer. Outwardly, the trailers appear similar to typical trailers except for the rail wheels which ride tucked up underneath the rear end. The rail wheels ride 7 in. off the road surface. To switch to rail operation, a transfer valve is thrown, which lowers the rail wheels. Then, the highway wheels raise up and ride 7 in. above the rails.

It only takes two men to assemble a RoadRailer train. A man in a yard jockey picks up the spotted trailer from the yard and stages it over the rails which are set level with the pavement. While he goes to get another RoadRailer, the second man lowers the rail wheels on to the track and raises the highway wheels. The next RoadRailer is brought and backed up to couple with the first RoadRailer. While the yard jockey goes off for another RoadRailer, the second man connects the air hoses and raises the landing legs of the first RoadRailer. The process is repeated until the train is assembled.

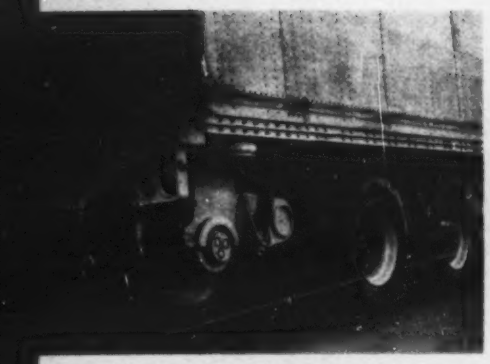
The only disadvantages to the RoadRailer are that it cannot be mixed with regular rail cars, requiring a "dedicated" train of all RoadRailers plus a special locomotive, and the fact that it weighs about two tons more than a typical highway trailer.

On the plus side, RoadRailer trains can operate where regular piggyback trains cannot. For example, because of its low height in comparison to regular piggyback trains, RoadRailers can travel through passenger train tunnels, such as those going into New York. While it weighs more on the highway, the RoadRailer weighs 178% less than a current piggyback rail car. In addition, the equipment investment is 93% less with RoadRailer. Because of its lower weight and better aerodynamics, Bi-Modal estimates rail fuel consumption should be 78% less with the RoadRailer.

The Federal Railroad Administration has overseen the RoadRailer testing, including tests on its separate rail and highway braking systems. Orders are expected to start coming in October and first deliveries could be in April of next year.

Cost of the first RoadRailers is expected to be about $25,000 per unit, though when the production volume rises to the expected 3000 to 4000 unit mark in 1982, costs could drop to the $18,000 to $20,000 range.

In addition to selling the RoadRailers outright, Bi-Modal is planning to lease the units for about $20 per day.



Closeup of rail-highway wheel arrangement on Bi-Modal RoadRailer shows how trailer is equipped for dual operation.

Joining those protesting the deregulation of piggyback service is the American Institute For Shippers' Association, a 7000 member organization that is challenging ICC authority.

maintains the opposite, calling piggyback "an important and growing segment of rail traffic." ATA claims only Congress may remove controls over piggyback. The trucking industry, therefore, seems to be facing a repeat performance of what it has witnessed for the past two or more years.

Evidence for the conspiracy should become more apparent very shortly. The official comment period for ICC's deregulation proposals ended just over a month ago, indicating it may be too early for official Washington to jump in line behind the ICC. But there is little doubt that it will do just that.

Lending credence to the conspiracy theory, are the mounting contradictions from those close to the issue. A top ICC staffer who drafted the agency's proposed piggyback rule emphasizes that it was merely an advance notice of action. "It was nothing more than an agency attempt to gather comments," he said.

Yet, CCJ was told by Jan Rosenak, the Senate Commerce Committee's leading rail authority, that a provision in a new rail reform bill would remove the "limited scope" requirement present in the 4-R Act and place piggyback deregulation clearly in the hands of the ICC. It would seem that official ICC. attempts to downplay piggyback reform are not shared by certain influential Senators who are anxious to give the commission undisputed authority in this area.

If the railroad reform bill is approved as currently written, the possibility of another ICC-Commerce Committee battle, like the one permeating the trucking issue, would be prevented.

Left solely to the Darius Gaskins-led commission, there is little doubt current restrictions on piggyback transportation would be sharply reduced, if not totally eliminated, despite objections from the giant trucking lobby here in Washington. Gaskins, it is remembered here, was a contributing economist in the fight for airline deregulation and is pushing hard for trucking reforms. He is a strong advocate for general transportation liberalization.

Two other factors lend credence to an organized government move aimed at promoting piggyback deregulation.

Martin Zell, a top policy staffer at the ICC, told CCJ the new agency proposals are designed "to get traffic for the railroads and away from trucks!"

He said regulatory initiatives can't be blamed, however, "because we are simply providing opportunities for rail management . . . an opportunity to help themselves." Zell acknowledged that rail problems are like a "chicken and egg situation" and said: "They need this traffic to advance their operations."

The building federal conspiracy to expand piggyback at the expense of highway carriers is being carefully shrouded beneath the catch-all cloak of fuel conservation. The American Association of Railroads' leading argument supporting piggyback—one that has a high level of public visibility through a high-pressure advertising campaign appearing in many well-known business magazines and newspapers—is an alleged four-to-one increase in fuel efficiency over trucking. Those Congressmen who appear to support piggyback reform, including Senate Commerce Committee chairman Howard Cannon (D. Nev.), laud the energy saving possibilities.

Yet Zell, who is deputy director of the ICC's policy section, said fuel conservation was not among the agency's three principal reasons for introducing piggyback reforms, "at this time."

Briefly, the agency's three chief motives behind the new rule-making are: "Number one, does regulation impede the growth of this service and, if it does, can we get rid of them," Zell said. "Second, there is a general feeling the commission needs to do more with the pricing reforms Congress put in the 4-R Act . . . one of these being exemptions. Congress gave the commission authority to exempt certain rail traffic . . . and we thought, what other commodities involving rail could we exempt. Piggyback seemed like a natural second step."

The third reason involved the addition of an office of Policy and Analysis to the commission last February. "The commission had a 'reacting' role (to issues) in the past," Zell said. "This new office is designed to look at issues before they fall apart. Intermodalism is one of those issues," he said.

Zell concedes an expansion of pig-

Continued

# Piggyback

## TRAILERS AND CONTAINERS LOADED IN PIGGYBACK SERVICE* 1972—1978

| Year | Plan 1 | Plan 2 | Plan 2½ | Plan 3 | Plan 4 | Plan 5 | Sub-total | All Other Plans | Grand Total |
|---|---|---|---|---|---|---|---|---|---|
| 1978 | 318,747 | 230,334 | 1,544,133 | 423,680 | 337,963 | 103,253 | 2,958,110 | 219,181 | 3,177,291 |
| 1977 | 281,022 | 216,855 | 1,431,568 | 363,814 | 273,143 | 84,348 | 2,650,750 | 148,889 | 2,799,639 |
| 1976 | 188,077 | 229,224 | 1,323,165 | 300,088 | 207,970 | 70,700 | 2,319,224 | 186,449 | 2,505,673 |
| 1975 | 119,453 | 255,339 | 1,215,283 | 199,625 | 163,101 | 71,687 | 2,024,488 | 186,447 | 2,210,935 |
| 1974 | 157,187 | 423,775 | 1,462,199 | 196,159 | 184,160 | 76,194 | 2,499,674 | 222,780 | 2,722,454 |
| 1973 | 183,278 | 488,585 | 1,425,746 | 147,061 | 196,534 | 67,823 | 2,509,027 | 209,301 | 2,718,328 |
| 1972 | 160,741 | 507,402 | 1,182,332 | 82,295 | 144,155 | 58,727 | 2,135,652 | 231,326 | 2,366,978 |
| Percent Change— 1978 vs. 1972 | +98.3% | −54.6% | +30.6% | +414.8% | +134.4% | +75.8% | +38.5% | −5.3% | +34.2% |
| Each Plan as Percent of Total 1978 | 10.0% | 7.3% | 48.6% | 13.3% | 10.6% | 3.3% | 93.1% | 6.9% | 100.0% |

*Figures do not include empty trailers or containers originated that moved on revenue charges, including those which, under tariff, had been assessed revenue charges for the loaded and empty return movement.

Note: In 1978, "All other plans" accounted for 6.9 percent of total trailers/containers loaded compared with 9.8 percent of the total in 1972.

Source: Car Service Division, AAR.

### Piggyback Service Plans

Plan I is available to motor carriers only. Under this plan, the motor carrier would deliver his trailer to the railroad's ramp. The railroad would then move the trailer on a flatcar to another railroad ramp, near the final destination. The motor carrier would pick up the trailer at the railroad's ramp on the other end and take it on for final delivery. For this service, the railroad charges the motor carrier a flat fee. These rates would depend on the commodity being hauled. From the shipper's view, his relationship is only with the motor carrier and the freight is moved on one bill-of-lading. The motor carrier must have rights to serve the points involved in the haul. Plan I accounts for 10% of all piggyback business at present.

Plan II is where the railroad, in effect, becomes a motor carrier, providing full delivery service from shipper to customer. The railroad picks up the freight with its trailers, transports them via piggyback and then delivers the trailers at the other end with its own equipment. The shipper gets one bill, from the railroad, at rates similar to those provided by a motor carrier. The rates are based on the commodity hauled. Not widely used, Plan II accounts for only 7.3% of piggyback business.

Plan II½ involves using the railroads' trailers to haul the freight, though the shipper or motor carrier provides pickup and delivery at the railroad ramps on either end. Motor carriers can use this plan if they are willing to pay the railroads' rates and they must have the rights to serve the points involved. The rates for this plan are published as FAK, freight-all-kinds. Some carriers use this plan if they have a serious backhaul problem. By far the most popular of the piggyback plans, this accounts for 48.6% of all piggyback business.

Other variations of Plan II exist to handle specific shipping problems. For example, Plan II¼ is where the railroad picks up the freight in its trailer from the shipper, delivers it to the railroad ramp, transports the trailer via piggyback to another point and leaves it at the ramp on the other end. The shipper is responsible for picking up the trailer at the ramp and delivering it on to the final destination. Such a plan may only be put in at the request of a specific shipper to handle a specific problem.

Plan III is similar to Plan II½, except the shipper provides the trailer and the railroad only piggybacks the trailer from one railroad ramp to another. Motor carriers can use this plan but must have the rights to serve the points involved in the haul. Rates are published as FAK, freight-all-kinds. Most railbridge traffic is reported under this plan which accounts for 13.3% of all piggyback business.

Plan IV is basically for freight forwarders. Used mostly by Western railroads, it requires the forwarder to provide the trailer plus the flatcar. The railroad makes a flat per-car charge for the ramp to ramp movement, furnishing only the power and rails. The railroads will trip lease the trailers and flatcars under certain stated circumstances. This plan accounts for 10.6% of piggyback business.

Plan V involves joint rates between the railroads and motor carriers, under which the railroad interlines between motor carriers. The motor carriers only need rights for what they do on the highway part of the haul. The rates are based on the commodity hauled. At one time quite popular, Plan V now only accounts for 3.3% of all piggyback business.

Plan V LTL is a new program involving LTL traffic where the railroad and two short-haul motor carriers will get together and publish through arrangements for handling LTL traffic.

**New Interstate Commerce Commission proposals are designed to "get traffic for the railroads and away from trucks!"**

gyback traffic would probably have a detrimental effect on independent, non-rail affiliated motor carriers.

"If you go along with the inelasticity theory (of freight availability), it means, honestly, the other modes will suffer," Zell said.

However, he added: "If the motor carrier industry is adversely impacted, it will impact the weaker links. Motor carriers that are strong will survive." The inelasticity theory maintains that production slowdowns and the oncoming recession will freeze the quantity of available freight, meaning that an increase for one mode, such as the railroads, spells a decrease for other transportation alternatives, like trucking and water carriage. "The inefficient long-haul trucker would be the most adversely impacted," Zell said.

The ATA, on the other hand, is concerned that virtually all regulated carriers could be affected. Learning from the early failures of their deregulation battle, the industry's official comments on the ICC's proposals are thankfully devoid of their hollow arguments of a year ago: "We have the best transportation system in the world, why change it?" Or: "If it ain't broke, why fix it?"

In their place and featured prominently in ATAs' ICC statement is a catalog of at least six reputable studies that support their claims of no significant fuel conservation from piggyback deregulation. A 1976 study by Robert Reebie, National Intermodal Network Feasibility Study, says fuel efficiency cannot be "offered as a prime justification for implementation of the concept."

American Trucking Associations further maintains that mechanical and design improvements have reduced energy consumption by heavy-duty trucks significantly since 1973.

Waving banners of energy conservation and environmental protection, the ICC took its first step in the deregulation of piggyback on May 28 of last year. It removed virtually all rate regulation on most fresh fruits and vegetables while permitting railroads to negotiate contract rates with shippers. Working mostly with shipper organizations in advance, many railroads moved into this area immediately after the deregulation date. When the independent owner operators—the major haulers of fresh produce—went on their second nationwide strike last June, the railroads were quick to jump in and capture new business. Because of the fresh produce deregulation, some railroads are now saying they have recaptured much of this traffic from the independent trucker.

Piggybacking, referred to as TOFC/COFA (trailer on flat car/container on flat car), was begun in the 1950s to help the railroad industry stem the loss of freight business to trucks traveling the new Interstate highway system. In the 1960s, containerization was started, and, in 1972, the railroads launched "rail bridge" service, the ocean-to-ocean or gulf-to-ocean movement of intermodal containerized freight in international commerce at near-ocean rates and on a single bill-of-lading.

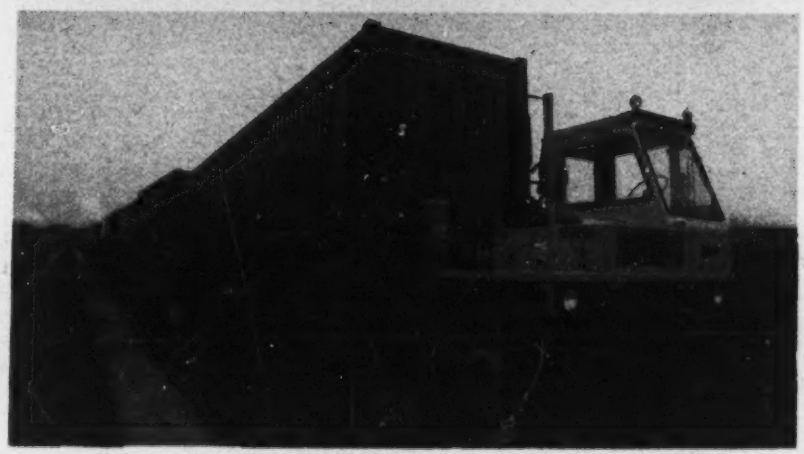
But despite the fact that piggyback loadings have jumped to 2nd place among traffic-producing sources for the railroads, the ICC has been disappointed in piggyback's share of the overall freight business. Consequently, on Aug. 22, 1979, the agency caused to be published an Advance Notice of Proposed Rules in the *Federal Register* which, in its fullest form, would totally deregulate piggybacking. The ICC believes deregulation would increase piggyback traffic which "may contribute to conservation of energy, enhancement of the environment and more efficient use of transportation resources."

Summing up the present situation and suggesting evidence that some change is necessary, the ICC stated in the Advance Notice of Proposed Rules that recent studies of intermodal coordination by the Federal Railroad Administration, the General Accounting Office and the commission suggest the following reasons for the sluggish pace of TOFC/COFC traffic growth:

1. There has been poor coordination between regulated motor car-

# Piggyback

**"Reading between the lines, if a motor carrier doesn't have rights, say between New York and Chicago, the ICC will now give them rights if they go by piggyback."**



Loading and off-loading trailers is commonplace operation for Conrail. Railroad industry sources report that during 1978, piggyback revenues exceeded $1 billion for the first time, representing an average annual growth rate of 12%.

riers and railroads because of many existing trucking labor agreements requiring a penalty payment when TOFC is substituted. Motor carriers claim that rail service is not as reliable as motor service; consequently, they will not jeopardize their good relations with their shippers by using TOFC/COFC service. Some motor carriers have also admitted that they fear losing this traffic to all rail TOFC/COFC plans.

2. TOFC/COFC represents a high capital investment risk to railroads because competitive low cost and flexible unregulated motor carriage imposes a ceiling on rail TOFC/COFC profits. In addition, some railroads are concerned that TOFC/COFC growth may occur at the expense of boxcar traffic.

3. Railroads have been reluctant to invade one another's territories.

4. Restrictions imposed on certificates of motor carrier affiliates of railroads have restrained expansion of TOFC/COFC, especially Plan V (see accompanying box).

5. Significant operational changes are sometimes required for successful TOFC/COFC operations, such as use of dedicated "short trains" and modification of work rules. Rail management has been slow to implement these operational changes.

As a possible solution to these problems, the ICC proposals to encourage piggyback boil down to five steps.

First, the ICC is considering exempting from regulation rail transportation of TOFC/COFC shipments, either partially or in total. At present, a motor carrier must have operating rights to serve the ultimate origin and destination points of the freight, plus rights to perform service at the points where it picks up and delivers the trailer to the railroad. Under deregulation, the motor carrier would only need rights to the origin and destination points.

Since the proposal is actually a request by the ICC at this stage for comments on how and what to change regarding TOFC/COFC service, what final form the deregulated plan will take is anyone's guess. However, the ICC makes it clear its goal is to make the use of piggyback easier and more inviting. There is widespread speculation here that this objective was reached by ex-chairman Daniel O'Neal in consultation with the powerful American Railroad Association lobby and certain Congressional figures who favor promoting the railroads and, consequently, a stronger piggyback service. This, of course, has given birth to the conspiracy theory.

Next, the ICC is looking to "provide expedited and simplified procedures for licensing new TOFC/COFC service by motor carriers, including those affiliated with railroads."

According to Frank Tatnell, manager of Intermodal Service for Conrail: "Reading between the lines, if a motor carrier doesn't have rights, say between New York and Chicago, the ICC will now give them rights if they will go by piggyback."

Besides increasing competition

Workman at Conrail's Philadelphia piggyback terminal where TOFC-unit trains are commonplace. Conrail has joined with Sante Fe Railroad in operating two piggyback trains—one from New York to Los Angeles and the other from LA to New York—making it the first regularly scheduled through transcontinental service in U.S.

among motor carriers, this proposal could also increase the competition among railroad companies.

"I think the ICC is making a bad mistake deregulating cars by rail," said Dillon Winship, Jr., president of Georgia Highway Express, a major piggyback user and former chairman of American Trucking Associations.

"What they're doing here is basically allowing railroads to get at each other's key customers. For instance, one railroad may come in and open up in another railroad's territory by using a truck operation. A lot of these railroads are fighting among themselves and don't want the invasion of their rights by intermodal transportation while others do," he said. "It depends on whether you are the 'aggressor' or the 'aggressee.'"

Still another aspect of this proposal is that the ICC is considering "allowing motor affiliates of rail carriers, like Santa Fe Trail Transportation of Wichita, equal opportunity to compete with independent motor carriers."

Though vague in its wording, this portion of the proposal could work out to be an open invitation for railroads to get strongly involved in the trucking business. At present, rail affiliated motor carriers must demonstrate "specific special circumstances" before they can be granted unrestricted operating rights.

A third part of the proposal by the ICC would "establish a 'zone of reasonableness' within which motor carrier TOFC/COFC rates could be raised or lowered." This would allow piggybacking rates to become more flexible and, says the ICC, hopefully more attractive to motor carriers and shippers alike.

The final two portions of ICC's plan speak for themselves. Part four would "modify existing regulations which prohibit motor common carriers from exchanging TOFC/COFC shipments with railroads at other than authorized service points." The fifth and final provision would "clarify the circumstances under which motor contract carriers can substitute rail service for all-motor service."

All ICC proposals aside, the future for piggyback service seems brighter than ever to the Association of American Railroads, which cites a number of reasons for being optimistic.

First is the deregulation of fresh produce mentioned earlier. The railroads expect this added traffic to give piggybacking the same boost in growth it experienced with rail bridge service. The railroads are not the only ones looking towards growth because of the fresh produce deregulation, however.

Midwest Distribution of Ft. Scott, Kan., which uses owner operators exclusively in its fleet operation, recently began a separate operation devoted to hauling fresh produce piggyback from the West Coast to the Midwest. Though just recently started, the company says it is pleased with early returns and expects the operation to be a major contributor to corporate profits.

Private carriers, however, are not as enthusiastic. Vincent L. O'Donnell, managing director of ATAs' Private Carrier Conference, told CCJ: "Our members have taken no position on the piggyback deregulation proposals because piggyback is insignificant to our membership.

"Those private carriers who have used piggyback have been disappointed with it," O'Donnell said.

Continued

# Piggyback

**"The ICC is considering allowing motor affiliates of rail carriers equal opportunity to compete with independent motor carriers."**

Similar sentiments were expressed by John White, director of the Private Truck Council of America, Inc. White said there is so little private carriage interest in piggyback that PTCA hasn't bothered to file comments to the ICC's proposals.

Next, the railroads are counting on rising fuel prices to force more shippers to "think rail." Higher prices for diesel fuel means higher shipper rates, they argue.

Backing this up, railroads have launched aggressive marketing practices to bring back old customers and some new ones, including motor carriers. According to Conrail's Frank Tatnell: "We are now seeking motor carrier business. We have excess capacity to handle an increase in piggyback business plus competitive charges between New York and Chicago."

Railroads have noted increasing interest in piggyback business. "We've had an increase in inquiries, and it's interesting that these are people who ship nothing by rail at the moment," according to Jim Ronayne, general manager, Intermodal Sales, Chicago and North Western Transportation Co.

"The bulk of the people presently using railroad service are either shipping into their own account or they're shipping using a freight forwarder, a shipping agent or a shipping association. The biggest growth is going to be in the area of the major truck companies looking at operating transcontinental via rail."

Another factor which AAR says is contributing to piggyback's growth is the comeback of freight forwarder and shipper association traffic. This has been mostly in the form of LTL freight.

Container traffic will increase through use of the rail bridge service because Panama Canal tolls just increased 21.8% and are expected to rise an estimated 82% over the next three years. This will spur railroads to offer better service and equipment through their increased profits.

While motor carriers in the past

## What American Trucking Associations has to say

*Washington*—American Trucking Associations has raised specific objections to the Interstate Commerce Commission's proposed rulemaking on piggyback reform. The criticisms include:

*Fuel Efficiency:* "ATA takes exception to the erroneous and misleading supposition . . . that rail . . . is more fuel efficient than the movement of freight by motor carrier. The fallacious platitudes offered by the representatives of the rail industry to the effect that rails are four times more fuel efficient than motor carriers have been refuted in numerous recent studies." ATA also notes that even those studies which have been favorable to the motor carrier industry do not take into consideration the series of innovations in mechanics, design and operation aimed at energy conservation that have taken place in the industry since 1973.

*Safety and Environment:* "The commission contends that an increase in TOFC services will result in 'ecological and safety benefits primarily by reducing truck congestion on highways.' To the contrary, the commission's proposal will not reduce truck traffic but rather transfer congestion from the interstate system to streets and highways less equipped to handle the increased number of trucks." Referring to safety, ATA notes the accident record of the major railroads "is not one that fosters confidence in assertions of increased public safety."

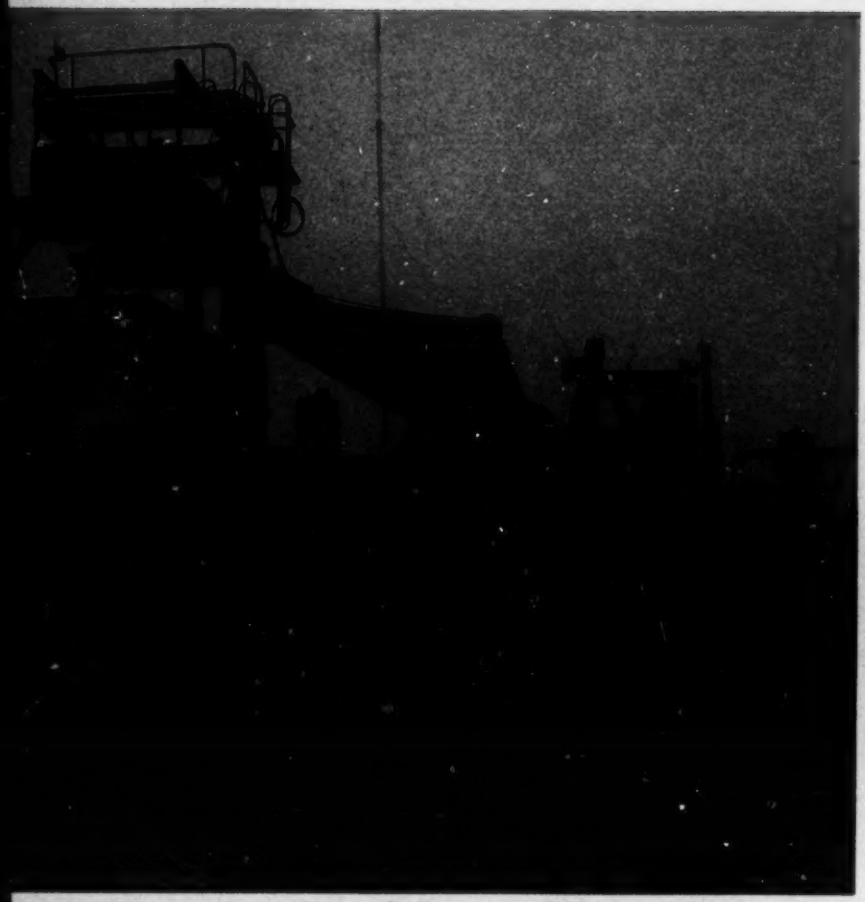
*Factors Inhibiting TOFC Growth:* ATA research lists these major reasons for lack of TOFC growth to date: 1. refusal of most railroads to cooperate with motor carriers to find solutions to operational problems; 2. cancellation by the railroads of incentive rates for multiple trailer shipments and increases in single trailer rates; 3. delays in transit which are inherent to all rail operations; 4. limitations on the commodities which can be transported on TOFC due to susceptability to damage; 5. the railroad's systemized termination of TOFC operations from and to all but a few key points; and, 6. lack of ICC authority to require joint rates and through rates for intermodal shipment.

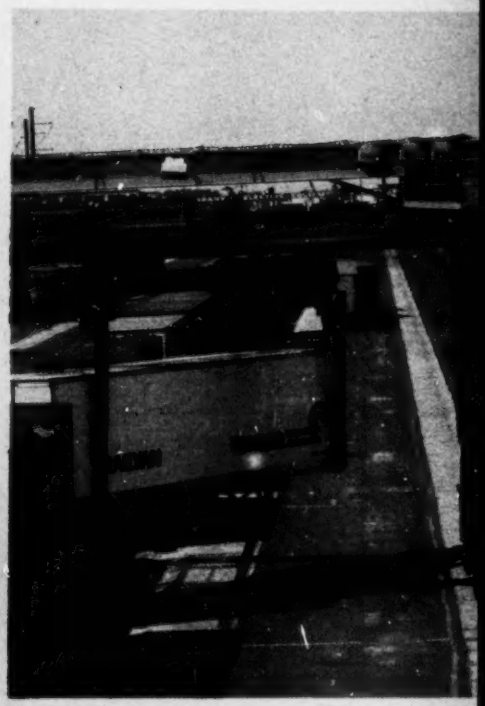
*Open Licensing of Rail Affiliates:* ATA objects to commission plans to eliminate restrictions on the licensing of rail affiliated motor carriers. ATA says joint rail/truck operations may reduce the return of a portion of their business by offering rates below those of non-affiliated motor carriers. The parent profit center will not suffer, says the industry group, because the rail portion of the operation is a virtual monopoly and is assured of its profits. "The non-affiliated motor carrier will be forced out of the market," according to ATA. They claim both large and small carriers will not be able to compete with rail-affiliated trucking firms and many "would be at the mercy of the major railroads" who can rely on financial backing during a rate war from lucrative non-transportation investments in real estate and energy.

*TOFC Service Does Not Qualify For ICC Exemption:* ATA believes that no portion of TOFC service qualifies under the provisions of 49 USC 10505 for exemption from the commission's regulation. Certainly, the motor carrier portion of TOFC service cannot be characterized as "related to a rail carrier . . ." ATA also rejects the "limited scope" assessment the commission attributes to piggyback, calling it "the largest single segment of rail traffic following bulk coal and grain shipments." According to the 4-R Act, the ICC may only deregulate those rail operations whose operations fall within a "limited scope."

*Expedited General Licensing:* The commission is seeking to establish a simplified licensing procedure for new TOFC/COFC service by all motor carriers, including rail-affiliated firms. "No basis for adopting such procedures is offered in the advance notice," ATA says, "other than as a means of increasing rail revenues by allowing their affiliated motor carriers to skim the cream off the TOFC traffic to the detriment of independent carriers." ATA also rejects the concept of a master certificate, claiming limitations would be impossible to enforce.

ATA is urging the commission to abandon this proceeding, claiming it is not in the best interest of the public. "The proposals will simply create monopolistic opportunities for the railroads contrary to the public interest. The rules will not generate additional TOFC tonnage," ATA says.





Use of heavy equipment by railroads to handle loaded piggyback trailers and containers as shown above contributes to widespread reports of damaged trailers and freight. Damage claims often result in heated disputes between truckers and railroaders, leading to the mistrust that exists between both industries.

have scoffed at the railroads' inefficiencies, that image is being turned around by major efforts to improve service.

Better scheduling for shipper convenience, more trains dedicated to piggyback operations and computerization to provide better control of freight movement all contribute to better service. In addition, massive programs to improve rail lines and purchase new equipment—programs that have strong Congressional support—can be expected to add to piggyback's changing image.

To improve profits, the railroads have undertaken a number of experimental programs aimed at lowering fuel consumption and operational costs. For example, one experiment involved loading trailers closer together and in such a way as to reduce aerodynamic drag. Other tests have been aimed at reducing flatcar weights.

One bright spot in piggyback's future is the return of the "road railer" car first introduced more than 20 years ago. Basically a beefed-up highway trailer with dual wheel systems which allow it to run either on rails or over the highway, this refinement of an old design by Bi-Modal Corp., the RoadRailer, is expected to begin service this year.

Whether the trucking industry wants to or not, it's going to "think rail" in the years ahead. The big question is, will trucking look upon piggybacking as an important tool to help it move its customers' freight or as a deadly weapon of the railroads used to steal that same freight?

The question may be academic, however, since it is results that really count. But there is one thing which the trucking industry ought not to discount, and that is the enormous pressures that are building up for expansion of piggyback operations.

And those pressures are a direct result of the conspiracy that has been forged by the Interstate Commerce Commission, American Railroad Associatien and various influential members of Congress to restore the health and vitality of the American railroad system at the expense of trucking.

The conspiracy means less money for Interstate highway repairs, higher taxes on fuel and equipment and a major nationwide campaign to convince shippers that America's future depends on bringing back the railroads. □□□

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